

SEP 22 '99

11-25 AM

**BOMBARDIER
CAPITAL****Bombardier Capital Rail Inc.**

6900 Wedgwood Road, Suite 120

Maple Grove, MN 55311 United States

Telephone 1 (612) 420-8000

Fax 1 (612) 420-8003

<http://www.capital.bombardier.com>

August 23, 1999

Surface Transportation Board
Recording Department
1925 K. Street NW, Suite 700
Washington, D.C. 20423

Dear Sir or Madam,

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) originals of Memorandum of Railcar Lease Agreement dated as of October 31, 1998, a primary document as defined in the Board's Rules for Recordation of Documents.

The names and addresses of the parties to the enclosed documents are:

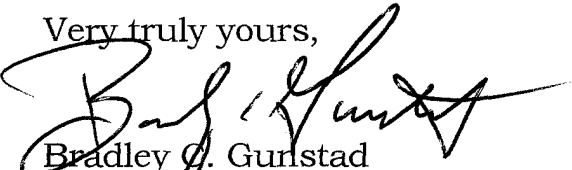
Lessor: Bombardier Capital Rail Inc.
(formerly called NorRail, Inc.)
6900 Wedgwood Road, Suite 120
Maple Grove, MN 55311
Phone: 612-416-7205

Lessee: The Kansas City Southern Railway Company
114 West 11th Street
Kansas City, MO 64105-1804
Phone: 816-468-4828

The enclosed Memorandum of Railcar Lease Agreement covers the twenty-two (22) 50' 70 Ton Plug Door Boxcars bearing reporting marks and numbers identified on Exhibit A attached hereto.

Enclosed is our check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped copy of the enclosed document to the undersigned. If you have any questions or require any further information in connection with this filing, please contact the undersigned at 612-416-7205.

Very truly yours,


Bradley C. Gunstad
Vice President & General Counsel
Enclosures

FORMS/STB.kcs

MEMORANDUM OF RAILCAR LEASE AGREEMENT

Agreement No. 1748, Schedule No. 2

RECORDATION NO.

22412
FILED

SEP 22 '99

11-25AM

THIS MEMORANDUM OF RAILCAR LEASE AGREEMENT is made and entered into as of October 31st, 1998 by and between NorRail, Inc., a Minnesota Corporation ("Lessor") and The Kansas City Southern Railway Company, a Missouri Corporation ("Lessee"), with reference to the following:

1. Lessor has agreed to lease to Lessee, and Lessee has agreed to lease from Lessor various railcars pursuant to one or more Schedules to the Lease to be entered into by Lessor and Lessee from time to time, all as more particularly described in that certain Railcar Net Lease Agreement No. 1748 dated September 30, 1997 between Lessor and Lessee (hereinafter referred to as the "Lease").
2. Pursuant to Schedule No. 2 to the Lease, Lessor has agreed to lease to Lessee and Lessee has agreed to lease from Lessor the twenty-two (22) 50 Ft. 70 Ton Plug Door Boxcars bearing the reporting marks and road numbers indicated on Exhibit A hereto, all as more particularly described in the Lease.
3. The Lease shall be effective as of the execution date thereof and shall be subject to the term of the Lease, as provided therein.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Memorandum of Railcar Lease Agreement to be executed as of the date first above written.

Lessee: NORRAIL, INC.

Lessor: THE KANSAS CITY SOUTHERN
RAILWAY COMPANY

By: [Signature]

By: Steven L. Hefley

Its: V.P. SALAS

Its: Vice President Transportation Services

By: [Signature]

By: William J. Holmes

Its: Bradley C. Gunstad

Its: DIRECTOR. ASSET UTILIZATION

Vice President & General Counsel

APPROVED AS TO FORM

R.P. By [Signature]

**EXHIBIT A TO MEMORANDUM OF RAILCAR LEASE AGREEMENT
NO. 1728, SCHEDULE 2**

TR 400000
TR 400011
TR 400001
TR 400002
TR 400012
TR 400003
TR 400004
TR 400013
TR 400005
TR 400014
TR 400015
TR 400016
TR 400017
TR 400006
TR 400007
TR 400008
TR 400018
TR 400019
TR 400020
TR 400009
TR 400021
TR 400010

STATE OF MISSOURI, COUNTY OF JACKSON TO WIT:

On this 31st day of October, 1998 before me personally appeared, Steven L. Hefley and _____, to me personally known, who being by me duly sworn, says that they are the VP Transportation Services and _____, respectively of The Kansas City Railway Company, a Missouri Corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)

Julie A. Robinson
Notary Public

My commission expires: _____

JULIE A. ROBINSON
Notary Public - Notary Seal
Commissioned in Jackson County
My Commission Expires July 14, 2002

STATE OF MINNESOTA, COUNTY OF WRIGHT TO WIT:

On this 31st day of October, 1998 before me personally appeared, L. Lee Shurtle and Bradley C. Hunsstad, to me personally known, who being by me duly sworn, says that they are the V.P. Sales and V.P. General Counsel, respectively of NorRail, Inc. a Minnesota Corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(Seal)

Gail M. Blagued
Notary Public

My commission expires: 1-31-2002